

Resolution of Audit Reports. Timely action on recommendations by responsible management officials is an integral part of the effectiveness of an audit. Each recipient shall have policies and procedures for responding to audit recommendations by designating officials responsible for:

1. Following up;
2. Maintaining a record of the action taken on recommendations and time schedules for completing corrective action;
3. Implementing audit recommendations;
4. Submitting periodic reports to the Federal cognizant audit agency on recommendations and actions taken; and
5. Providing an audit special condition on all subawards. This special condition contains information, such as the audit report period, required audit report submission date, and name and address of cognizant Federal agency. The policy of the awarding agency is not to make new awards to applicants who are not in compliance with the audit requirements.

The awarding agency monitors the audit requirements through its audit tracking system and is responsible for tracking audit reports received through the audit process until resolved and closed.

Top Ten Audit Findings include:

1. Untimely report submissions;
2. Lack of documentation;
3. Inadequate monitoring of subrecipients;
4. Inadequate time/effort reports;
5. Inaccurate reports (Financial Status Reports);
6. Commingling of funds;
7. Excess cash on hand;
8. Unallowable costs;
9. Inappropriate changes; and
10. Conflicts of interest.

Audit of Subrecipients. When subawards are made to another organization(s), the recipient shall require that subrecipients comply with the audit requirements set forth in this chapter. Recipients are responsible for ensuring that subrecipient audit reports are received and for

resolving any audit findings. Known or suspected violations of any law encountered during audits, including fraud, theft, embezzlement, forgery, or other serious irregularities, must be communicated to the recipient.

For subrecipients who are not required to have an audit as stipulated in OMB Circular A-133, the recipient is still responsible for monitoring the subrecipients' activities to provide reasonable assurance that the subrecipient administered Federal awards in compliance with Federal requirements.

Technical Assistance. The Office of the Inspector General, DOJ, is available to provide technical assistance to recipients in implementing the audit requirements of this chapter where the DOJ is the assigned cognizant agency or has oversight responsibilities because it provided the preponderance of direct Federal funding to the recipient. This assistance is available for areas such as:

1. Review of the audit arrangements and/or negotiations;
2. Review of the audit program or guide to be used for the conduct of the audit; and
3. On-site assistance in the performance of the audit, when deemed necessary, as a result of universal or complex problems that arise. Requests for technical assistance should be addressed to the appropriate Regional Inspector General's Office, DOJ (see listing of regional offices).

Full-Scope Auditing. In addition to arranging and providing for the organizational, financial, and compliance audits required by the OMB Circular A-133, individual recipients and subrecipients are encouraged to provide for additional audit coverage, as deemed appropriate. The additional audit coverage that may be provided should be determined based on the circumstances surrounding the particular organization, function, program, or activity to be audited, management needs, and available audit capability. Additional audit coverage could involve such organizational determinations as related to:

1. Are resources managed and used in an economical and efficient manner?
2. Are desired results and objectives achieved in an effective manner?
3. Are the organization's accounting system and system of internal controls acceptable prior to the receipt of awarding agency funds?
4. Are the organization's systems and controls adequate to detect fraud, waste, and abuse?